

**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (12/17):**

**BUTTER:** Grade AA closed at \$1.5500. The weekly average for Grade AA is \$1.5500 (-.3167).

**CHEESE:** Barrels closed at \$1.3775 and blocks at \$1.4525. The weekly average for barrels is \$1.3950 (-.2425) and blocks, \$1.4365 (-.2865).

**NONFAT DRY MILK:** Extra Grade closed at \$0.8600 and Grade A at \$0.8600. The weekly average for both Extra Grade and Grade A is \$0.8600 (+.0040).

**BUTTER:** The market tone remains weak. The cash price at the CME has dropped over 50 cents since the first of December. Most contacts expected the price to decline as it usually does in Mid-December after most year-end holiday orders have been placed and shipped. Churning activity has trended lighter as most butter needs have been filled. Cream offerings are starting to increase as Class II product production is slowing and cream prices remain higher than butter producers are willing to pay. The base price for cream pricing this week remained high, thus multiples were often lower in hopes of encouraging sales. Often, cream buyers were seeking multiples that were lower than sellers were quoting. Milk volumes during the upcoming holiday period will be looking for a home. In many instances, cheese manufacturers are reluctant to take additional milk due to the pricing relationship between milk and the finished product, thus butter/powder producers will probably be absorbing additional volumes during upcoming days. Butter demand is slowing as most current orders are for fill-in needs.

**CHEESE:** The cash cheese market at the CME moved sharply lower last week and early this week with blocks losing more than 53 cents. Since that time, prices have increased slightly for blocks. Trading activity at the exchange indicates to some contacts that a bottom may have been established for blocks. Sales have been taking place and bids for more cheese are left on the board. Demand for current natural cheese is good which is also supportive of the firming market. Cheese production is expected to be lighter than anticipated for the rest of December because of the price relationship between milk and cheese. Milk prices for the month of December should be well over \$16 and the price of cheese is in the low \$1.40's. Plants will make what cheese they have to at what will very likely be a loss. There will be no incentive to take on outside additional milk that will be processed at a further loss unless it is able to be purchased at a steep discount. Therefore, the trade expects cheese output to be lower for the rest of the month and butter/powder production to be higher.

**FLUID MILK:** Bottled milk needs are being filled as projected with most bottlers planning for school vacations and increased retail movements. There are expectations that bottling will be heavier ahead of higher January fluid Class prices in Federal Orders and California. Milk production in the Northwest is trending higher as weather conditions improve. Milk intakes leveled off in Utah and Idaho as temperatures increased and affected feed lot conditions. Hay quality is lower than desired and prices are higher. Production trends in California are mainly steady with recent weeks despite good producing conditions. The lack of freshening cows and the increase in dry cows are inhibiting growth. New Mexico milk output is trending slightly lower as cows are slow to respond to improved weather conditions. Milk production is

showing small gains in the Northeast as more snow and cooler conditions develop. Precipitation in the Southeast limited recent milk growth. Florida is seeing milk gains and lower needs for outside milk to supplement shortages. The fluid cream markets are sloppy following declines in the butter market and entering a typical slow movement time over the year end.

**DRY PRODUCTS:** The end of year holidays usually mean problems with processing and marketing dry products. Many of those concerns are not expected to materialize this year. Most dry product markets are balanced with some tighter than projected. Nonfat dry milk prices are mostly steady, but firm, in all regions. Supplies remain unusually tight for the season. The biggest contributing factor is direct export sales that have tightened domestic stocks without heavy offerings to the support program. In fact, supplies are so tight that the trade purchased 2,087,917 pounds of 30 to 36 month old NDM for unrestricted usage from CCC stocks in the range of \$0.7950 to \$0.7975 per pound. The time of year and prices paid would normally not result in activity of this type. Another CCC invitation was announced seeking bids for an additional 4.1 million pounds of 30 to 36 month old NDM. Several cheese producers were cutting back on usage of NDM and condensed skim for fortification after the decline in cheese prices. Dry buttermilk prices declined and the spread between regions narrowed. Current pricing levels are expected to increase sales. Production is seasonally active. Dry whey prices are steady to slightly higher. Offerings are more available from producers and resellers in the Midwest. Export demand has slowed and reflects expected year end considerations. Whey protein concentrate prices are sharply higher and buyers are aggressively negotiating contracts for 2005. With the trend towards production of higher protein powders, 34% WPC supply projections are lower. Export interest is building as world supplies are not readily available. Lactose prices are unchanged and the trend for contract prices is unchanged into the first quarter of 2005.

**CCC:** For the period of December 13 - 17, there were no support purchases of dairy products. Cancellations for 237,711 pounds of previously offered NDM were received.

**DECEMBER MILK SUPPLY AND DEMAND ESTIMATES (WAOB):**

The milk production forecast for 2004/05 is lowered fractionally from last month. Prices of dairy products are expected to be firmer in 2004/05 than forecast last month. Class III and Class IV milk prices are raised as cheese and butter prices are expected to be higher than last month. The all milk is raised to \$14.15-\$14.85 per cwt. for 2004/05. As a result of higher product prices, lower CCC removals are forecast for 2004/05.

**SEPTEMBER MAILBOX MILK PRICES (AMS, CDFA):** In September 2004, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$15.37, \$.62 more than the figure for the previous month. The component tests of producer milk in September 2004 were: butterfat, 3.63%; protein, 3.03%; and other solids, 5.68%. On an individual reporting area basis, mailbox prices increased in all reporting areas, and ranged from \$17.56 in Florida to \$13.65 in New Mexico. In September 2003, the Federal milk order all-area average mailbox price was \$14.35, \$1.02 lower.

\*\*\*\*SPECIAL THIS ISSUE\*\*\*\*

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

PRODUCT	MONDAY DECEMBER 13	TUESDAY DECEMBER 14	WEDNESDAY DECEMBER 15	THURSDAY DECEMBER 16	FRIDAY DECEMBER 17	WEEKLY CHANGE*	WEEKLY AVERAGE#
<b>CHEESE</b>							
BARRELS	\$1.3950 (-.2000)	\$1.3975 (+.0025)	\$1.4025 (+.0050)	\$1.4025 (N.C.)	\$1.3775 (-.0250)	(-.2175)	\$1.3950 (-.2425)
40# BLOCKS	\$1.4200 (-.2800)	\$1.4225 (+.0025)	\$1.4350 (+.0125)	\$1.4525 (+.0175)	\$1.4525 (N.C.)	(-.2475)	\$1.4365 (-.2865)
<b>NONFAT DRY MILK</b>							
EXTRA GRADE	\$.8600 (N.C.)	\$.8600 (N.C.)	\$.8600 (N.C.)	\$.8600 (N.C.)	\$.8600 (N.C.)	(N.C.)	\$.8600 (+.0040)
GRADE A	\$.8600 (N.C.)	\$.8600 (N.C.)	\$.8600 (N.C.)	\$.8600 (N.C.)	\$.8600 (N.C.)	(N.C.)	\$.8600 (+.0040)
<b>BUTTER</b>							
GRADE AA	\$1.5500 (-.0500)	----	\$1.5500 (N.C.)	----	\$1.5500 (N.C.)	(-.0500)	\$1.5500 (-.3167)

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. \*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM **NOTE: CME is closed 12/24 & 12/31**

**CHICAGO MERCANTILE EXCHANGE**

MONDAY, DECEMBER 13, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.3950; 5 CARS 40# BLOCKS: 1 @ \$1.4200, 1 @ \$1.6025, 1 @ \$1.6975, 2 @ \$1.7000

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 2 CARS GRADE AA @ \$1.5500; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.5600, 1 @ \$1.6000

TUESDAY, DECEMBER 14, 2004

CHEESE — SALES: 4 CARS BARRELS: 1 @ \$1.3950, 3 @ \$1.3975; 4 CARS 40# BLOCKS: 1 @ \$1.4200, 3 @ \$1.4225; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, DECEMBER 15, 2004

CHEESE — SALES: 1 CAR BARRELS @ \$1.4025; 1 CAR 40# BLOCKS @ \$1.4350; BIDS UNFILLED: 4 CARS 40# BLOCKS: 2 @ \$1.4350, 1 @ \$1.4275, 1 @ \$1.4225; OFFERS UNCOVERED: NONE

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

THURSDAY, DECEMBER 16, 2004

CHEESE — SALES: 1 CAR BARRELS @ \$1.4025; 5 CARS 40# BLOCKS: 2 @ \$1.4400, 3 @ \$1.4525; BIDS UNFILLED: 3 CARS 40# BLOCKS: 1 @ \$1.4525, 1 @ \$1.4425, 1 @ \$1.4350; OFFERS UNCOVERED: NONE

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, DECEMBER 17, 2004

CHEESE — SALES: 1 CAR BARRELS @ \$1.4025; 9 CARS 40# BLOCKS: 1 @ \$1.4525, 1 @ \$1.4100, 4 @ \$1.4050, 1 @ \$1.4200, 2 @ \$1.4450; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.4525; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.3775

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 2 CARS GRADE AA: 1 @ \$1.5400, 1 @ \$1.5500; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

**BUTTER MARKETS****NORTHEAST**

The market tone is weak. The cash butter price at the CME has lost 50.25 cents during the last four (through 12/13) trading sessions. Contacts have been expecting such a drop, but some thought that, given the overall supply of both milk and butter, prices may have held at higher levels through the holidays. Most holiday needs have been shipped and are in distribution channels. Demand is easing along typical seasonal patterns. Churning activity continues to be light, but with lower butter prices equating to lower cream prices, butter makers are showing more willingness to take more cream, if it were available. Food service orders are holding at fair to good levels and retail sales are improving the closer we get to the holidays. Sales of bulk butter f.o.b. East, are reported in a range of flat market to 5.5 cents over the CME price/average.

**CENTRAL**

The butter market tone is weak. The CME cash price as of December 15 has fallen 50.25 cents since December 3 (forty cents on 12/10). Most contacts expected prices to decline as they usually do in mid-December after most Christmas/New Years' orders have been shipped. Butter stocks remain tight, but sufficient to cover needs. The fire at a major butter producing and packaging operation in the Midwest remains in the news. Most of the operations' orders have been covered by other producer/packagers. Churning activity was moderate, but butter producers are more inclined to take in "holiday cream" now that butter prices have declined. Prior to the price changes, many butter makers resisted making \$2.00 butter earlier in the month. Holiday orders, have for the most part, been shipped. Food service

orders continue to hold up quite well. Retail feature activity is evident, but scattered. Bulk butter for spot sale is being reported in the 2 - 4 cents per pound range over various pricing basis.

**WEST**

Cash butter prices at the CME have declined more than 50 cents in the last five trading sessions to stand at \$1.55. Even with this major price decline, prices remain above the average for this season of the year. Sales activity for the end of the year holidays is being categorized as very good, even though base prices used in pricing formulas are very high. More cream is becoming available for churning this week and even more is expected next week as Class II product production will decline sharply. Churning facilities are in a bargaining mood as to what base price and multiple to use and the timing involved. They are also in control because other outlets for the cream are fast drying up. A number of contacts are also talking about milk coming over from cheese production to make butter/powder because of some real profit/loss issues for cheese in the short run. Some contacts believe that these lower prices will stimulate some additional restocking by end users that have only very minimal stocks on hand. CME weekly warehouse stocks fell by 2.66 million pounds this past week to stand at 9.95 million pounds. Stocks in this report have not been below 10 million pounds since December of 2000. Stocks last year for this week totaled 59 million pounds and the year before they stood at 87 million pounds. Bulk butter prices range from flat to 4 cents under based on the CME with various time frames and averages.

**NASS DAIRY PRODUCT PRICES****U.S. AVERAGES AND TOTAL POUNDS**

	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
<b>WEEK ENDING</b>					
DECEMBER 11	1.7997	1.7530	0.8669	1.9818	0.2442
	8,139,330	9,134,177	20,701,766	2,618,877	11,394,261

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices are sharply lower and the market tone is weak. At the CME (through 12/13), block and barrel prices since December 3, have fallen 53.25 and 44.25 cents, respectively. This decline was not unexpected given how high the prices climbed during November and the first few days of December. With December's Class III milk prices expected to be in the \$16.40-16.50 area, cheese makers are reassessing their production schedules for the holiday period. Making \$1.40 cheese with \$16.00 milk is not financially sound. Reports from the industry already indicate that Northeastern cheese makers are trying to move milk away from their plants during the holidays and most have cut production schedules. Demand has slowed as distributors have enough ordered to cover needs, but the recent price drops forced most buyers/distributors to cease ordering until prices levels out. Food service orders are steady and retail orders are slower since more retailers' needs are already in their distribution channels.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.7900-2.3050
Cheddar Single Daisies	:	1.7475-2.2225
Cheddar 40# Block	:	1.8625-2.1225
Process 5# Loaf	:	1.8475-2.0550
Process 5# Sliced	:	1.8675-2.1200
Muenster	:	1.9625-2.1650
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

## MIDWEST

The cheese market is unsettled to weak. Buyers are waiting for the weekly averages to catch up with the lower prices before making sizeable new orders. However, at the CME, Monday's twenty and twenty-eight cent drops may further delay orders as buyers wait for next week to order at a lower price. Next week being Christmas week, may present issues for producers and distributors to make deliveries, if orders are heavy. Current natural American stocks remain tight. Some operations continue to hope prices may weaken further so they can rebuild depleted aging programs. Cheese production is mostly steady, but expected Class III milk prices for December will likely be too high to make \$1.40 cheese. Most producers were hoping for more milk during the holidays, but the milk/cheese price relationship may cause some producers to reassess production trends unless milk prices are discounted. That does not seem likely, given the continued tight milk supply temper. Retail demand is little changed.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.7750-2.2000
Brick And/Or Muenster 5#	:	2.1800-2.3775
Cheddar 40# Block	:	2.0775-2.2650
Monterey Jack 10#	:	2.2500-2.3175
Blue 5#	:	2.5725-2.9000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.0225-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.5000-2.9500

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

## BUTTER : CHEESE

	:	
12/13/04	9,575	: 122,126
12/01/04	12,616	: 125,402
CHANGE	-3,041	: -3,276
% CHANGE	-24	: -3

## WEST

The block cheese price at the cash CME market, after peaking at \$1.9525 on December 3, has fallen more than 53 cents before posting gains this week of 1 1/2 cents. Industry publications indicate that one reason the price has settled near the \$1.42 mark is that is the trigger point for (Cooperatives Working Together) CWT exports of cheese to resume. A small volume export did take place this week. Some contacts are skeptical about the importance of the program in the overall scheme of things. Demand for current blocks remains very strong and offerings are often not sufficient for the interest noted. Interest in different types and styles of cheese used to make process cheese has slowed. Current mozzarella is moving well and Swiss cheese movement is fair. Some contacts are stating that cheese prices are low enough and there are good volumes of sales on the books for January that prices may not go much lower and, in fact, may rebound. A very important short run issue is profitability with Class III milk prices for December well over \$16.00 and cheese prices now in the low \$1.40's. Plants will be taking a loss on the cheese that they need to produce and will likely limit the amount of outside optional milk that they are interested in taking unless there is a deep discount involved. This could mean additional butter/powder production versus cheese until the price relationship for cheese improves.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.7900-2.0500
Cheddar 40# Block	:	1.8450-2.1975
Cheddar 10# Cuts	:	2.0250-2.2450
Monterey Jack 10#	:	2.0350-2.1950
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

## FOREIGN

Prices are generally lower on domestic styles; unchanged to higher on imported styles. Historically, best interest for foreign type cheese occurs around the holidays. The recent, sharp drop in the U.S. cheese market may spark a little more interest in domestic styles, but most contacts feel that holiday needs have already been ordered and shipped so the price drop will have little impact on orders. The weak U.S. dollar, compared to the Euro, continues to cause issues for importers' getting ready to bring in product under 2005 licenses. Recent reports show that cheese output in the EU-15 during the first eight months of this year increased approximately 1.2% compared to the same period last year.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-4.2900	2.1050-3.6050*
Gorgonzola	3.6900-5.9400	2.4900-2.6200*
Parmesan (Italy)	TFEWR	3.5100-3.6250*
Romano (Italy)	2.1000-3.1500	-0-
Provolone (Italy)	3.4400-5.8900*	2.1175-2.3400*
Romano (Cows Milk)	-0-	3.3000-5.4750*
Sardo Romano (Argentina)	2.8500-3.2900	-0-
Reggianito (Argentina)	2.6900-3.2900	-0-
Jarlsberg-(Brand)	2.9500-4.0900	-0-
Swiss Cuts Switzerland	-0-	2.4500-2.6500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	TFEWR	-0-
Edam	:	:
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.4500	-0-
Gouda, Large	TFEWR	-0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	27.8000-31.7000	-0-

\* = Price change.



## FLUID MILK AND CREAM

## EAST

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	32	0	36	0	8	0
SOUTHEAST STATES	0	0	0	0	0	0

Regional Milk Market Administrators announced the following, November 2004 uniform prices: Northeast \$16.20, Mideast \$15.21, Southeast \$16.83, Florida \$17.99 and Western New York (a state order) \$15.70 at the base city or county in the orders. (For the Northeast, Mideast, and Western New York orders, statistical uniform prices are reported.) Milk production is starting to increase in parts of the Northeast, but gains are small. Colder weather and snow are more common across most of this part of the East. Farther south, temperatures have been on the mild side, but recent heavy rains and snow in the mid-South have tempered the milk flow increases seen in the past few weeks. Florida's milk output is increasing along seasonal patterns and milk supply and demand are in close balance. Florida's need for outside milk continues, but volumes are light. Bottlers are already preparing for the next two weeks, when many schools will be on vacation. However, in some of the hurricane ravaged areas of the Southeast, some schools are expected to have shorter recesses this year to make up for time lost back in August and September. Contacts at butter/powder plants expect to see the larger portion of the surplus milk during the holidays. With cheese prices as low as they currently are and the December Class III milk price expected to be around \$16.40, cheese makers are not eager to take in any more milk they have to. Some have already cut the number of days of operation, while others are not going to take milk from "non-regular" sources during the holidays. The condensed skim market is mostly unchanged. Some spot sales of Class III were noted, but this was reported as a rare, "need-it-now" instance. Prices are generally unchanged for both classes for wet solids. The fluid cream market is weakening along seasonal patterns. Spot prices are sharply lower as the CME average price lost 18.5 cents last week and multiples are easing lower. Last week when prices were so high, it was difficult for some suppliers to clear their excess. Now that the cash CME price has dropped, butter makers are more inclined to take excess cream. However, multiples are in the 112 - 118, delivered range. Class II cream demand is slowing now that most holiday demand is waning. Production of egg nog is winding down seasonally. Sour cream, dips, and bottled cream production are holding, but should start to slow by early next week. Ice cream output is slowing as many producers will be down during the holidays. Churning activity is still light, but butter makers expect increased cream offerings during the next two weeks.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.2960-2.6134
DELIVERED EQUIVALENT ATLANTA	-	2.4080-2.6507 M 2.4827-2.5387
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.3894-2.5760

## PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

## F.O.B. PRODUCING PLANTS:

NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	.9600- .9800
NORTHEAST- CLASS III - SPOT PRICES	-	1.1000-1.2300

## MIDWEST

The milk situation in the Central part of the country is very unsettled. Milk handlers indicate that current conditions are a marketing situation versus a supply/demand situation. Milk and cream volumes are available but buyers are often not seeking them at current prices. Bottlers are preparing for the upcoming holidays by finalizing school bottling schedules and readying supplies for retail needs. Manufacturing milk users are being very cautious about their ordering and buying patterns. For the most part, bottlers will be finalizing their school bottling schedules early in the week as schools recess for the year end holidays by midweek. Retail orders are quite good for much of next week as grocery stores prepare for holiday shoppers. As cheese prices continue to adjust sharply lower in comparison to two weeks ago, manufacturing milk buyers are very cautious. In most instances, cheese producers are greatly reducing their milk inventories before procuring additional milk due to the relationship of milk prices and finished products. During a holiday period, milk movement and prices are usually a hit or miss game. Already, it appears that manufacturers are unwilling to take on additional milk volumes

unless they are very favorably priced. At this point, reports of \$3.00 - 5.00 per cwt under class are being reported. Milk handlers feel that discount may and probably will be more as the holidays near. The cream market is basically in the same situation. Class II cream demand is dropping off now that most holiday cream based products have been produced and shipped. Many Class II operations have greatly reduced their production schedules with some already idling their operations until the first of the year. Additional Class II cream offerings are now looking for a home, although Class IV buyers are also very cautious about procuring cream at current base prices and multiples. Class IV cream multiples are declining quite rapidly. Currently, cream multiples of 119 - 120 are being reported, but suppliers and buyers feel that these will decline further as the holidays approach and cream becomes difficult to move. Some contracted holiday cream has been locked in at 122 - 124, but spot loads are anticipated to be lower.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	DEC 09 - 15	PREVIOUS YEAR
SLAUGHTER COWS	\$ 46.00- 52.00	\$ 51.60- 56.00
REPLACEMENT HEIFER CALVES	\$200.00-450.00	\$300.00-450.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	DEC 09 - 15	PREVIOUS YEAR
SLAUGHTER COWS	\$ 46.00- 54.00	\$ 51.00- 60.00

## WEST

The January 2005 Class 1 prices in CALIFORNIA range from \$18.42 in the north to \$18.69 in the south. The statewide average Class 1 price based on production is \$18.47. The average is \$2.32 higher than December 2004 and \$4.54 more than January 2004. Milk output in CALIFORNIA is slow to move off seasonal lows and current levels are often only a few percentages higher than last year. Weather conditions have not been a major factor. Some contacts are surprised that milk volumes are not higher. One factor is that more cows are dry and another is that fewer cows are currently freshening. The year end holidays are not expected to present any problems with balancing the milk supplies. Higher Class 1 milk prices in January will likely push more bottling at the end of December. Despite declines in the commodity cheese and butter prices, processors are not changing the volume of milk into plants. Some processors would still like more milk. Milk volumes continue to trend slightly lower in NEW MEXICO. Conditions have improved but cows are not responding as expected. The good news in this is that supplies can be better balanced over the holidays when demand slows. Shipments of milk to the Southeast are limited. Balancing plants in the area are expected to be busy over the next two weeks. CREAM is unsettled in the West. Butter prices have fallen sharply in the last several weeks at the CME. Base prices are more negotiable. Base prices set on the CME weekly averages are not working well as buyers seek lower prices. Cream is more available. There is still good demand from holiday cream based producers but that is expected to slow shortly. Sales are slower to cheese and ice cream producers. Out of region shipments outside of contracts have declined. Churning is active and expected to balance cream supplies. Butter prices declined to \$1.5500 this week, dropping 45 cents from last week. Cream multiples range from 108 to 123, FOB and vary depending on class usage and basing point. Milk production at farms that are planning to continue to be in business in the PACIFIC NORTHWEST is turning upward slightly as weather conditions turn more moderate. The new issue in the equation is the letters that are arriving at farms from the CWT program (Cooperatives Working Together) telling them that their bid to cease production has been accepted. Cows should be heading to slaughter over the next few weeks. Firms are working on estimates to indicate how much impact this will have on the production in the region. Hay sales activity is very quiet going into the end of the year. Little buying interest is noted and there are very few offerings of dairy quality hay. Even reports of feeder hay supplies being on the tight side are noted. Prices are steady to firm. Heifer demand is about steady with trading activity light. Much of the snow that was on the ground in the dairy production areas of UTAH and IDAHO has now melted. The feed lots that had firmed up are now mud again. Herd health issues are becoming more of a concern. Fat and protein tests seem to be coming in at near seasonal average levels. No plants are talking about any concerns related to capacity for processing end of the year holiday supplies. In fact, many cheese plants are concerned with the lack of profitability in processing December milk at over \$16 into \$1.40 cheese. Many are indicating that they are not interested in taking outside milk unless the deal results in a profit or at least not much of a loss. Heifer prices in the region are firm with some high end animals finding a market at over \$2300 while an average heifer is closer to \$1850.

**NDM, BUTTERMILK & WHOLE MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL AND EAST**

CENTRAL: Prices are unchanged on a mostly steady market. Production continues to seasonally increase at some locations as milk is diverted away from cheese and bottling facilities. Plants that operate intermittently during the year are beginning to run NDM dryer schedules. Plants are adequately handling the additional supplies of milk and are not anticipating any problems to occur with excess milk during the holidays. Demand is light on high heat. Low heat interest is fair with some reduced interest from cheese plants. Supplies in general are tight, especially for this time of year.

EAST: The market tone remains relatively firm and prices are steady. Production levels are light, reflecting the available volumes of surplus milk. However, as we near Christmas week, dryers are preparing for the additional milk expected during the next two weeks. Most plants welcome this extra milk as it will allow them to replenish NDM stocks. However, a few plants still have a good inventory on hand. Plant capacity during the holidays does not seem to be an issue this year. Demand for NDM is holding quite nicely, but some orders have slowed due to year-end inventory considerations. Production and stocks of high heat are little changed. Some spot interest for high heat was noted, but the reporting contact feels that the inquiry may have been a "just checking" call.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .8500 - .9200 MOSTLY: .8700 - .8800

HIGHHEAT: .9100 - .9700

**NONFAT DRY MILK - WEST**

Low/medium heat NDM prices continue to increase and the market tone is firmer. There is a general tightness to the nonfat complex that is surprising for this time of year. The tightness is being caused by very good export interest, decent domestic demand, good sales of condensed skim, less total production than projections and uncertainty over future availability. Cheese makers are assessing their current needs in the face of lower cheese prices and some producers are using less NDM and condensed skim for fortifying. There were no offerings of NDM to the CCC this past week. Information will be available late in the week on the sellback of older NDM from the CCC. The high heat market prices are unchanged in light trading. Buying interest has remained below expectations over the last quarter of the year. Inventories are ample for current and projected needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .8400 - .9300 MOSTLY: .8550 - .9000

HIGHHEAT: .8400 - .9000

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
December 10	\$.8657	13,027,633	238,093
December 3	\$.8613	12,485,582	912,365

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**DRY BUTTERMILK - CENTRAL**

Prices remain unchanged to lower on a weak market. Some producers are reducing prices to avert price competition from the West. Production is mostly steady as some plants continue to move condensed buttermilk directly to end-users in an attempt to reduce expensive dryer costs. Some plants are holding aged stocks from early summer. Production is anticipated to increase during the holidays. Demand is light with 2005 contracts slow to evolve.

F.O.B. CENTRAL:

.8800 - .9550

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are mostly steady this week and the market tone is unchanged. The Northeast price range is nominal. Eastern production levels remain light and producer stocks are manageable. Production levels, mirroring churning activity, have been lighter. Increased output is expected in the coming weeks when more cream is cleared to butter makers. Demand is steady.

F.O.B. NORTHEAST:

.9200 - .9600

DELVDSOUTHEAST:

.9500 - 1.0000

**DRY BUTTERMILK - WEST**

Western dry buttermilk prices are lower and the market undertone is weaker. Offering prices continue to be pressured as buyers are looking only for product for immediate needs and they are willing to "wait out" producers. Western prices have come in line with other regions and are nearing the value of nonfat dry milk which could floor pricing levels. The influence of sharply lower butter prices over the last two weeks has not impacted the dry buttermilk market. Supplies of dry buttermilk are available from most producers in the region. Drying schedules are seasonally active with additional cream entering the butter churns. Stocks are moderate and above trade needs.

F.O.B. WEST:

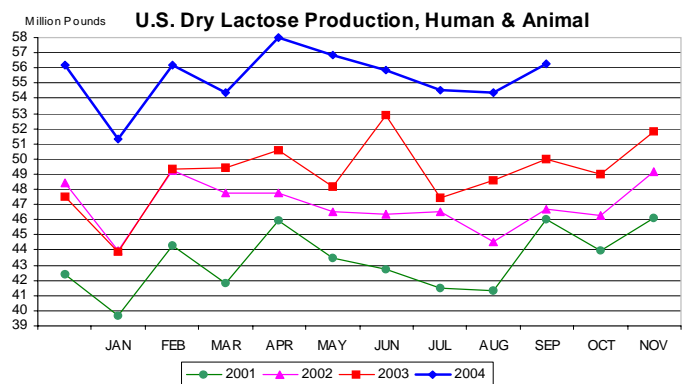
.9000 - .9800 MOSTLY: .9000 - .9200

**DRY WHOLE MILK - NATIONAL**

Prices and the market tone are unchanged. However, with the CME butter price decreasing sharply late last week, some Western producers are assessing their pricing structure. Production levels remain light and plant stocks are closely balanced. Prices remain nominal as few spot sales are reported.

F.O.B. PRODUCING PLANT:

1.3050 - 1.5200



**WHEY, CASEIN & EVAPORATED MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**DRY WHEY - CENTRAL**

Prices continue generally unchanged on a steady market. Some contracts for 2005 are trending unchanged. Producers are generally content with current price levels as higher prices are anticipated to deter interest as has already been noted by the increased movement of lactose as a substitute to whey into some end-use operations. Production is steady. Producer inventories are reported as "in balance" yet multiple loads are being offered into brokerage firms. Contractual users are able to receive additional loads upon request. Manufacturer list prices for single load shipments are generally unchanged for the light interest.

F.O.B. CENTRAL: .2400 - .2500 MOSTLY: .2400 - .2450

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices and the market tone are unchanged. Market activity continues to be reported as light and typical for the last few weeks of the year. Production levels and producers' stock are light. Typically, cheese makers take in extra milk during the holidays, but this year many producers are hesitant to take surplus milk at projected Class III prices and make "\$1.40 cheese." Most Eastern producers continue to report being in a sold out position, but an occasional load is available to regular customers. These loads clear easily at normal premiums.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2475 - .2650  
DELVD SOUTHEAST: .2700 - .2825

**DRY WHEY - WEST**

Prices are somewhat mixed for Western whey, but the undertone remains firm. The recent export tender is expected to keep supplies on the tight side at the time of year when the market often gets a bit sloppy. This is a normal occurrence related to the holidays, transportation, and year end inventory considerations. Many manufacturers report that they are selling more powder than anticipated for mid-December. Production levels have been steady, but the possibility of less milk entering cheese vats for the rest of December seems to be a real possibility. If this does turn out to be a reality, this would tend to mean less whey production. Contacts continue to comment that there doesn't seem to be any real competition in the world for U.S. produced whey at this time.

NONHYGROSCOPIC: .2300 - .2725 MOSTLY: .2500 - .2600

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged on a steady market. Most trade activity is occurring at the lower end of the range. Supply availability is increased compared to the week prior as producers attempt to clear year end stocks. Interest is light to fair as buyer's are not eager to add to their year end stocks unless necessary. Veal and early weaned pig demand is trending generally steady.

F.O.B. CENTRAL:  
MILK REPLACER: .2000 - .2200

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are higher on a firm market. Buyers are more aggressively seeking contracts for 2005. Producers that are converting their operations to high protein are selectively reducing their customer base, encouraging increased spot interest in 34% WPC. Some buyers report that their deliveries are being delayed. Inquiries are noted from Europe as supplies in this region are reportedly tight for the good food ingredient demand. Export movement of 34% WPC into Asia is good, especially as a substitute to NDM and in light of a recent Japanese tender. Some feed buyers are seeking additional loads of 34% WPC from Canadian firms. Some Canadian firms are reportedly sold out of 34% WPC for the first quarter. Off grade trade is heavier than the week prior as plants aim to clear year end stocks. Some feed buyers are picking up off grade loads of 34% WPC yet many buyers opt to purchase only Extra Grade WPC, especially for sensitive veal feed products that are more in demand since the enforced ban of growth hormones earlier this year.

F.O.B. EXTRA GRADE 34% PROTEIN: .6100 - .7000 MOSTLY: .6275 - .6575

**LACTOSE - CENTRAL AND WEST**

Prices continue unchanged on a steady to weak market. Some domestic contracts are unchanged for first quarter. Export contracts are slow to evolve, especially as buyers are not convinced that the market has stabilized. Trade activity is mixed. Higher mesh sizes are trading at the higher end of the range with many producers reporting limited supply availability. Lower mesh sized product is trading at the lower end of the range and displacing feed buyer interest in whey and dry permeate. Production is mostly steady. Inventories, like trade activity, are mixed depending on the mesh size marketed by the producer. Off grade feed is available for the good feed interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1450 - .2300 MOSTLY: .1700 - .2000

**CASEIN - NATIONAL**

Casein markets remain firm. Prices are unchanged although many suppliers and buyers anticipate prices to be higher in the New Year. Stocks are short of full needs and often suppliers are not able to fully meet their customer needs. In most instances, suppliers are totally committed with no product available for additional or spot buyer interest. The CCC issued invitation #036 offering for sale approximately 4 million pounds of nonfat dry milk for the production of casein/caseinate. Bids are due December 20 with public result December 22. Since June 2002, nearly 40.7 million pounds of powder have been sold for this purpose with prices ranging \$0.2200 - \$0.4330 per pound. The most recent sale in early November was at \$0.4000 per pound with subsequent lower and higher bids being rejected.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.8500 - 3.1500  
ACID: 2.9000 - 3.0500

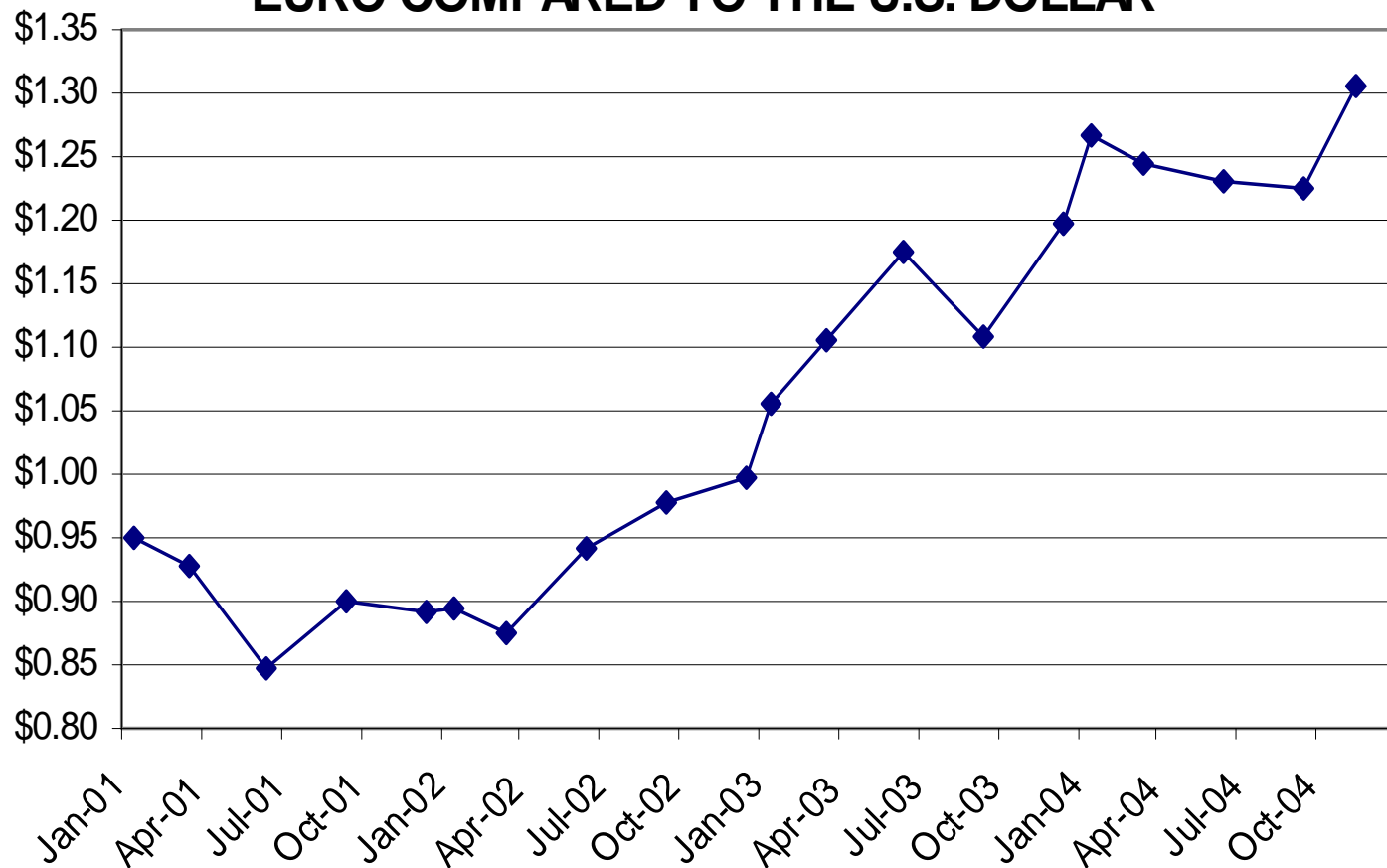
**EVAPORATED MILK - NATIONAL**

Prices are unchanged and the market tone is steady. Production patterns remain light and surplus milk supplies are tight. Some extra milk is expected during the upcoming holidays, but current Class IV milk prices are too high for some producers to increase output at this time. Most retail needs have been shipped but a few last minute orders have been reported. Trucking continues to be an issue for those making the hauling arrangements.

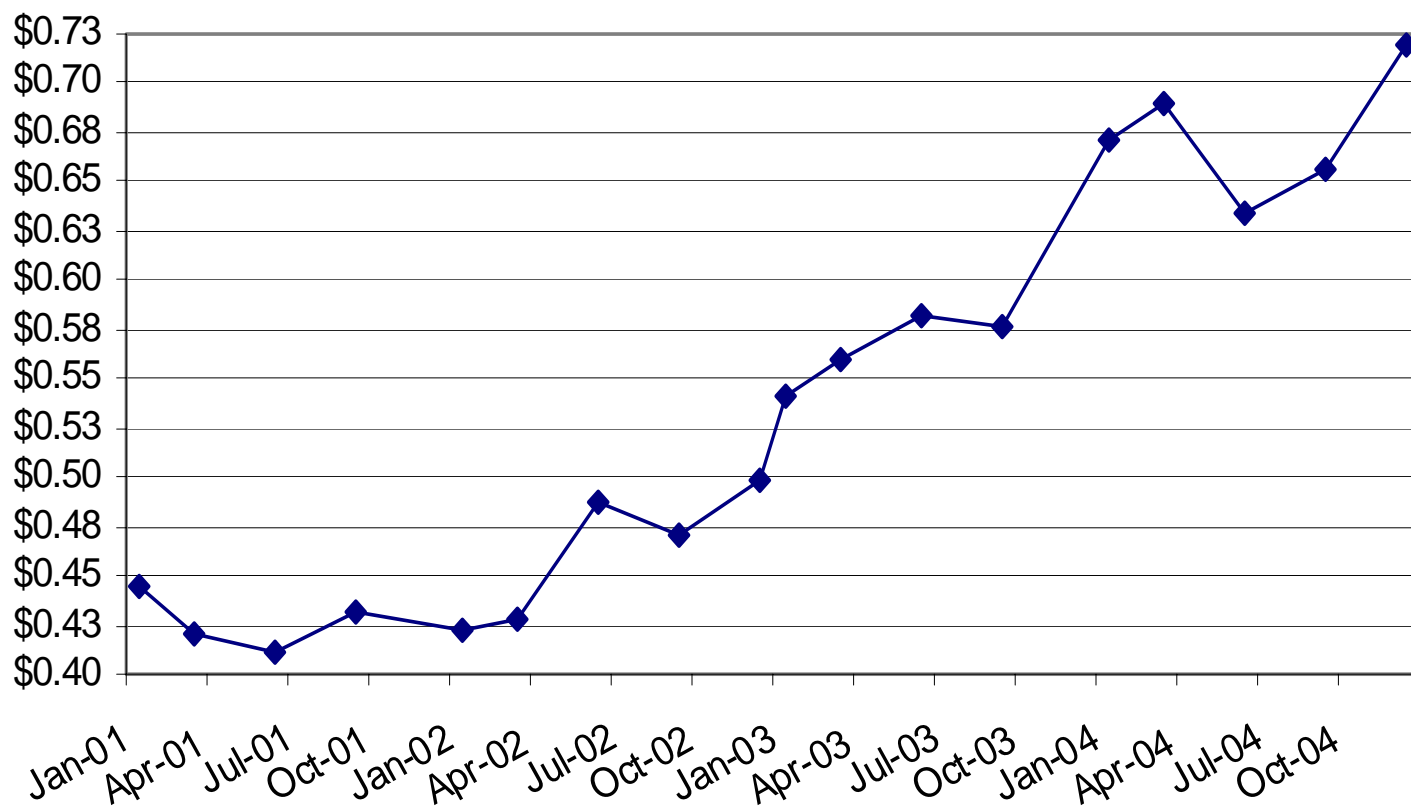
DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

## EURO COMPARED TO THE U.S. DOLLAR



## NEW ZEALAND DOLLAR COMPARED TO THE US DOLLAR



## DECEMBER MILK SUPPLY AND DEMAND ESTIMATES\*

The milk production forecast for 2004/05 is lowered fractionally from last month. Prices of dairy products are expected to be firmer in 2004/05 than forecast last month. Class III and Class IV milk prices are raised as cheese and butter prices are expected to be higher than last month. The all milk is raised to \$14.15-\$14.85 per cwt. for 2004/05. As a result of higher product prices, lower CCC removals are forecast from 2004/05.

Item	2002/03 1/	2003/04 Projection 1/		2004/05 Projection 1/	
		November	December	November	December
<b>SUPPLY</b>		<b>BILLION POUNDS</b>			
BEGINNING COMMERCIAL STOCKS 2/	11.2	11.0	11.0	9.9	9.9
PRODUCTION	170.4	170.1	170.1	173.7	173.6
FARM USE	1.1	1.1	1.1	1.0	1.0
MARKETINGS	169.3	169.1	169.1	172.7	172.6
IMPORTS 2/	5.0	5.4	5.4	5.1	5.1
TOTAL COMMERCIAL SUPPLY 2/	185.5	185.5	185.5	187.7	187.7
<b>USE</b>					
COMMERCIAL USE 2/ 3/	173.3	175.6	175.6	178.4	178.3
ENDING COMMERCIAL STOCKS 2/	11.0	9.9	9.9	9.3	9.3
CCC NET REMOVALS:					
MILKFAT BASIS 4/	1.2	-0.1	-0.1	0.1	0.1
SKIM SOLIDS BASIS 4/	8.8	2.1	2.0	4.1	2.8
		<b>DOLLARS PER CWT.</b>			
<b>MILK PRICES 5/</b>					
CLASS III 6/	10.63	14.94	14.94	12.40-13.10	12.90-13.60
CLASS IV 6/	10.05	12.48	12.48	11.70-12.60	12.00-12.90
ALL MILK 7/	11.91	15.63	15.63	13.75-14.45	14.15-14.85
		<b>MILLION POUNDS</b>			
<b>CCC PRODUCT NET REMOVALS 4/</b>					
BUTTER	29	-7	-7	0	0
CHEESE	47	7	7	6	0
NONFAT DRY MILK	719	172	168	345	240
DRY WHOLE MILK	0	0	0	0	0
<b>MILK PRODUCTION</b>	<b>QUARTERLY 8/</b>			<b>ANNUAL 8/</b>	
	2004 IV	2005 I	2005 II	2004	2005
	<b>BILLION POUNDS</b>				
	42.3	43.6	44.9	170.9	174.1
	<b>DOLLARS PER CWT.</b>				
	15.85-16.05	14.90-15.40	12.95-13.75	15.95-16.05	13.85-14.65
ALL MILK PRICE 5/ 7/	14.65-14.85	13.05-13.55	11.95-12.75	15.25-15.35	12.45-13.25
CLASS III PRICE 5/ 6/	13.10-13.40	12.15-12.75	11.35-12.35	13.10-13.30	11.75-12.75
CLASS IV PRICE 5/ 6/					

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Federal milk order minimum prices. 7/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 8/ Calendar year basis projection.

\* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Paul Kiendl, FAS; James Miller, ERS; and Milton Madison, FSA.

**SOURCE:** "World Agricultural Supply and Demand Estimates," WASDE-417, World Agricultural Outlook Board, USDA, December 10, 2004.



### MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, SEPTEMBER 2004

In September 2004, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$15.37 per cwt., \$.62 more than the figure for the previous month. The component tests of producer milk in September 2004 were: butterfat, 3.63%; protein, 3.03%; and other solids, 5.68%. On an individual reporting area basis, mailbox prices increased in all reporting areas, and ranged from \$17.56 in Florida to \$13.65 in New Mexico. In September 2003, the Federal milk order all-area average mailbox price was \$14.35, \$1.02 lower.

Reporting Area	Mailbox Milk Price <u>2/</u>		
	September 2003	August 2004	September 2004
	Dollars per hundredweight		
Northeast Federal Milk Order	14.49	15.07	15.74
Appalachian States <u>3/</u>	14.67	15.11	15.71
Southeast States <u>4/</u>	15.51	15.75	16.46
Southern Missouri <u>5/</u>	14.22	14.46	15.15
Florida	17.25	17.18	17.56
Ohio	14.13	14.68	15.35
Indiana	---	14.92	15.55
Michigan	13.90	14.53	15.10
Wisconsin	14.95	15.23	15.86
Minnesota	15.10	15.05	15.57
Iowa	14.68	14.89	15.47
Illinois	14.54	14.80	15.68
Corn Belt States <u>6/</u>	13.45	13.76	14.36
Western Texas <u>7/</u>	13.95	14.09	14.63
New Mexico	13.13	13.04	13.65
Northwest States <u>8/</u>	12.36	13.63	14.36
All Federal Order Areas <u>9/</u>	14.35	14.75	15.37
California <u>10/</u>	13.24	13.73	14.37

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. As applicable, includes milk not-pooled due to disadvantageous intra-order price relationships. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox price does include, for the most part, the \$0.05 per cwt. assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 6/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 5/. 7/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 8/ Includes Oregon and Washington. 9/ Weighted average of the information for all selected reporting areas in Federal milk orders. Figure for the previous year has been revised to exclude prices for Idaho and Utah which no longer are being reported. 10/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF DECEMBER 13 - 17, 2004			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/04	SAME PERIOD LAST YEAR	WEEK ENDING 12/10/04	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	237,711	-237,711	31,817,269	89,752,360	-0-	860,434,000
Fortified	-0-	-0-	-0-	-0-	-119,048	-0-	46,391,000
TOTAL	-0-	237,711	-237,711	31,817,269	89,633,312	-0-	906,825,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF DECEMBER 13 - 17, 2004 =	-0.1	-2.8	COMPARABLE PERIOD IN 2003 =	2.3	122.1
CUMULATIVE SINCE OCTOBER 1, 2004 =	7.0	370.4	CUMULATIVE SAME PERIOD LAST YEAR =	19.7	1,043.3
CUMULATIVE JAN. 1 - DEC. 17, 2004 =	60.2	3,233.1	COMPARABLE CALENDAR YEAR 2003 =	711.8	7,456.1

\* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF DECEMBER 13 - 17, 2004 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-237,711	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
CENTRAL	-0-	-0-	-0-	-0-	1,331,567	849,976	4.2	1.0
WEST	-0-	-0-	-0-	-0-	29,415,099	88,783,336	92.5	99.0
EAST	-0-	-0-	-0-	-0-	1,070,603	-0-	3.3	0.0
TOTAL	-0-	-0-	-0-	-0-	31,817,269	89,633,312	100.0	100.0

NDM SELLBACK TO THE TRADE The cumulative sellback total for 2004 is **67,347,152 pounds**.

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 11/27/04 & Comparable Week 2003

U.S. TOTAL												% DAIRY OF ALL		
Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2004-Dairy	0.0	0.5	5.6	1.8	11.1	2.2	0.8	0.6	10.4	1.6	34.7	2,155.1	43.3	46.7
2003-Dairy	0.2	0.6	7.2	4.0	17.2	2.0	0.3	0.6	11.3	1.8	45.3	2,636.0	46.5	47.6
2004-All cows	0.0	0.6	6.8	8.6	22.9	9.8	11.3	2.8	12.4	5.0	80.1	4,618.5		
2003-All cows	0.2	0.8	9.4	9.6	26.6	12.5	16.9	2.7	13.1	5.7	97.5	5,542.9		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87

FEDERAL MILK ORDER CLASS PRICES FOR 2004 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.85	11.59	11.94	13.64	19.65	21.13	17.95	14.62	13.94	14.78	14.29	14.43
II	11.67	12.90	14.79	15.21	15.03	14.31	14.00	13.13	13.66	13.57	14.09	
III	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	
IV	10.97	12.21	14.10	14.57	14.50	13.72	13.31	12.46	13.00	12.81	13.34	

1/ Specific order differentials to be added to this base price are located at [www.ams.usda.gov/dyfm05/mib/cls\\_prod\\_cmp\\_pr.htm](http://www.ams.usda.gov/dyfm05/mib/cls_prod_cmp_pr.htm)